

Financial Decision-Making Lessons from Panchatantra: A Comparative Mapping Approach

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Abstract

Financial management principles such as risk management, investment planning, diversification, liquidity control, strategic planning, and ethical governance are central to modern finance. Rooted in ancient Indian thought, the concept of Dharma-Artha balance holds that the pursuit of material prosperity (Artha) must always be guided by ethical responsibility (Dharma) — a philosophy that anticipates many of the governance and sustainability concerns that contemporary finance is only beginning to formalize. This study examines how these twin imperatives are reflected in six selected Panchatantra stories attributed to Vishnu Sharma (2007). Using qualitative analysis and comparative mapping (Krippendorff, 2018), the study links specific narratives with corresponding financial management concepts. The findings show that stories such as The Monkey and the Crocodile, The Brahmin and the Pot of Rice, The Four Friends, The Greedy Jackal, The Lion and the Rabbit, and The Blue Jackal illustrate financial decision-making related to risk evaluation, rational investment, diversification, liquidity discipline, strategic planning, and ethical governance — each narrative simultaneously embodying an Artha dimension and a Dharma dimension. The results indicate that Panchatantra narratives provide early insights into financial prudence, strategic thinking, and ethical governance (Kautilya, 2012; Rangarajan, 1992), demonstrating that ancient Indian storytelling tradition encoded a sophisticated financial-ethical framework long before the emergence of modern corporate governance and ESG principles (Atkins et al., 2022). The study highlights the relevance of indigenous knowledge systems in enriching contemporary financial management education and ethical governance frameworks (Tripathi, 2020).

Keywords: Financial Management, Panchatantra, Indian Knowledge System, Risk Management, Wealth Management, Strategic Decision Making, Dharma-Artha Balance, Ethical Governance

Introduction

Financial management involves systematic planning, acquisition, and utilization of funds to achieve organizational objectives efficiently (Brigham & Houston, 2019). Although modern finance evolved through economic theory and corporate practices, prudent financial behavior has historically been embedded in cultural and literary traditions.

Ancient Indian texts frequently addressed governance, economic prudence, and strategic decision-making. The Panchatantra represents one such educational framework aimed at developing administrative intelligence through practical examples (Sharma, 2007). These stories illustrate behavioral responses to uncertainty, resource scarcity, and ethical dilemmas—core concerns of financial management.

This study interprets Panchatantra narratives from a financial management perspective to demonstrate conceptual continuity between traditional wisdom and modern finance theory. In doing so, it situates the Panchatantra within the broader tradition of Dharma-driven Finance—a framework rooted in ancient Indian thought that balances the pursuit of material prosperity (Artha) with ethical responsibility (Dharma). This dual imperative, explicitly articulated in Kautilya's Arthashastra and echoed throughout classical Indian literature, posits that wealth creation detached from moral governance is ultimately unsustainable. The Panchatantra, as a didactic text designed to cultivate wise conduct, embeds this principle in every narrative: each story rewards disciplined, ethical decision-making and penalizes short-sighted greed or deception.

This Dharma-Artha balance anticipates contemporary concerns in corporate governance, ESG (Environmental, Social, and Governance) frameworks, and stakeholder-oriented finance, suggesting that Indian classical literature offers an underexplored intellectual heritage for modern financial thought.

Problem Statement

Modern financial management education relies predominantly on Western theoretical frameworks, quantitative models, and case studies drawn from Western corporate contexts. This creates a gap in the acknowledgment and integration of non-Western, indigenous knowledge systems that have historically encoded sophisticated financial reasoning. In India, classical texts such as the Panchatantra and Kautilya's Arthashastra contain rich narratives of resource management, risk assessment, strategic planning, and ethical governance, yet these remain peripheral in mainstream

financial management curricula.

The specific problem addressed in this study is: To what extent do Panchatantra narratives reflect identifiable financial management principles, and how can this traditional knowledge be systematically mapped to contemporary financial management concepts to enrich financial education and ethical governance frameworks?

Research Gap

The review of literature shows that many studies focus on modern financial management concepts such as risk management, ethics, sustainability, and financial decision-making. However, very few studies have examined traditional Indian texts like the *Panchatantra* from a financial management perspective.

Most research treats Panchatantra stories only as moral lessons and does not connect them with financial management principles. There is also a lack of studies that clearly link specific Panchatantra stories with concepts such as risk management, investment planning, diversification, liquidity management, and ethical governance.

Furthermore, the concept of Dharma-driven Finance—which harmonizes wealth creation (Artha) with ethical responsibility (Dharma) within the Indian classical tradition—has received limited scholarly attention in the domain of financial management research. Existing interdisciplinary work tends to focus either on purely philosophical interpretations of classical texts or on contemporary ESG frameworks, without systematically bridging the two. This study addresses this gap by proposing a conceptual mapping that connects ancient narrative wisdom with modern financial management theory.

Objectives of the Study

- i. To identify financial management principles embedded in Panchatantra narratives.
- ii. To examine similarities between Panchatantra teachings and modern financial management concepts.
- iii. To evaluate the relevance of indigenous storytelling traditions in financial education.
- iv. To highlight the concept of Dharma-driven Finance and its significance as a complementary framework to contemporary financial management.
- v. To propose a conceptual model for integrating classical Indian narratives into financial management pedagogy.

Review of Literature

Recent research in financial management underscores the necessity of recognizing risks, making ethical decisions, and fostering integrated financial thought—concepts that closely parallel the wisdom found in the Panchatantra tales. Kumar et al. (2015) stress the importance of keeping a watchful eye on warning signs that inform decision-making. In a similar vein, the Panchatantra stories convey that overlooking early indicators of risk often leads to detrimental consequences. Many of these tales emphasize the value of careful observation and informed decision-making, which are vital components of contemporary risk management strategies. Rutherford (2022) argues for a holistic understanding of financial performance rather than a disjointed analysis of revenue and expenses. This perspective resonates with the Panchatantra philosophy, where actions and their consequences are deeply interlinked. The narratives illustrate that financial choices yield long-term impacts, highlighting the need for a thorough comprehension of finances. The rising embrace of Environmental, Social, and Governance (ESG) principles indicates the growing significance of ethics and social accountability in financial practices (Atkins et al., 2022). The Panchatantra tales similarly prioritize honesty, responsibility, and moral integrity as cornerstones for achieving lasting success.

Moreover, WELBY (1997) has raised ethical questions about complex financial instruments, suggesting that intricate financial strategies might obscure rather than mitigate risks. This cautionary theme is mirrored in Panchatantra stories, which warn against greed, excessive confidence, and unnecessary complication in decision-making. Walker (2025) further explores the concept of collective ethical responsibility within emerging economic frameworks. This viewpoint aligns with the teachings of the Panchatantra, where collaboration, accountability, and concern for community wellbeing shape outcomes. The stories reveal that individual choices have broader implications, a notion that holds significant relevance in today's financial governance.

Overall, existing research suggests that many principles in modern financial management—particularly those concerning risk awareness, ethical behavior, and strategic thought—are in harmony with the practical wisdom offered in Panchatantra narratives. By integrating such traditional knowledge systems, we can deepen our understanding of responsible financial management.

Research Methodology

1. Nature of Study

The study adopts a qualitative and conceptual research approach.

2. Research Design

Interpretative content analysis was used to examine selected Panchatantra stories and relate their moral lessons to financial management theories (Krippendorff, 2018).

3. Sources of Data

The analysis is based on secondary data obtained from translated versions of the Panchatantra and financial management literature.

The following specific Panchatantra stories were selected for the study due to their relevance to economic behavior and decision-making:

- i. The Monkey and the Crocodile – partnership risk and intelligent decision-making
- ii. The Brahmin and the Pot of Rice (Dreaming Brahmin) – unrealistic financial expectations
- iii. The Four Friends (Deer, Crow, Mouse and Turtle) – cooperation and mutual support
- iv. The Greedy Jackal – improper utilization of available resources
- v. The Lion and the Rabbit – strategic planning and optimal problem-solving
- vi. The Blue Jackal – deception, leadership failure, and ethical consequences

These stories were systematically examined and mapped with modern financial management principles.

4. Analytical Approach

Each story was analyzed using the following financial management dimensions: Risk Management, Investment Decision Making, Diversification, Liquidity Management, Strategic Financial Planning, and Corporate Governance Ethics.

Analysis and Interpretation

This section presents the findings of the comparative mapping between Panchatantra narratives and modern financial management principles and the Indian thought of balance Artha and Dharma i.e., Finance and Ethics. The analysis is presented through structured data tables and visual representations to highlight the conceptual parallels identified in the study.

Identification of Financial Management Principles in Panchatantra

1. Risk Management: The Monkey and the Crocodile

The story of the Monkey and the Crocodile represent the importance of identifying hidden risks

before entering into commitments or partnerships. In the narrative, the monkey survives by carefully analyzing the crocodile's intentions and responding strategically. This situation parallels modern financial risk management, where investors and financial managers evaluate uncertainty, credibility, and potential threats before making investment or partnership decisions. In this story, the monkey cautiously evaluates the crocodile's hidden intention before committing trust. The narrative emphasizes awareness of potential threats in cooperative arrangements.

Financial Link:

Investment and partnership decisions require prior risk assessment and evaluation of counterpart credibility (Brigham & Houston, 2019).

Financial Principle Identified: Risk Analysis and Decision Protection.**Dharma-Artha Balance:**

The Artha dimension is evident in the monkey's careful evaluation of the situation to protect its life and resources — wealth and survival demand alert, calculated thinking. The Dharma dimension lies in the ethical responsibility to assess consequences before acting, ensuring that one's decisions do not cause harm to others or to oneself through recklessness.

2. Investment Planning: The Brahmin and the Pot of Rice

This is a story of the Brahmin dreaming about future wealth symbolizes improper financial forecasting based on unrealistic expectations. The Brahmin mentally spends profits that have not yet been realized, ultimately losing the available resource. This reflects the financial management principle that investment decisions must be supported by realistic planning, feasibility analysis, and careful forecasting. The story illustrates the danger of speculative expectations unsupported by practical evaluation.

Financial Link:

Capital budgeting decisions must rely on realistic forecasting rather than assumptions (Ross et al., 2018).

Financial Principle Identified: Rational Investment Planning.**Dharma-Artha Balance:**

The Artha dimension is expressed through the warning that prosperity built on fantasy rather than realistic effort will never materialize — genuine wealth requires honest planning and disciplined action. The Dharma dimension holds that indulging in wishful thinking is itself an ethical failure,

as it replaces truthful self-assessment with illusion and leads to the neglect of one's actual duties and responsibilities.

3. Diversification Strategy: The Four Friends

This is a story involving the deer, crow, mouse, and turtle demonstrates how individuals with different strengths collectively overcome challenges. The deer, crow, mouse, and turtle survive threats through collective strengths and coordinated action. This cooperation represents diversification in financial management, where investments are distributed across various assets to reduce overall risk exposure

Financial Link:

Diversified investment portfolios reduce overall risk exposure (Markowitz, 1952).

Financial Principle Identified: Resource Diversification and Risk Sharing.

Dharma-Artha Balance:

The Artha dimension is reflected in how each animal contributes its unique strength toward a shared goal, demonstrating that collective effort produces outcomes no individual could achieve alone. The Dharma dimension elevates this beyond strategy — cooperation, mutual care, and the subordination of self-interest for the wellbeing of the group are presented as moral obligations, not merely practical choices.

4. Liquidity Management: The Greedy Jackal

The Greedy Jackal story illustrates inefficient resource utilization caused by excessive greed. The jackal attempts to control multiple resources simultaneously but ultimately loses everything. In financial management, liquidity management requires maintaining an optimal balance between available cash and productive investment.

Financial Link:

Organizations must balance liquidity and investment efficiency rather than hoarding idle resources (Pandey, 2015).

Financial Principle Identified: Optimal Resource Utilization.

Dharma-Artha Balance:

The Artha dimension is clear in the consequence — the jackal's inability to restrain its appetite leads directly to the loss of what it already possessed, showing that uncontrolled desire destroys rather than multiplies resources. The Dharma dimension frames non-greed not merely as prudent

behavior but as a sacred ethical duty; to take more than one needs is a violation of the moral order that governs the right relationship between a person and the world's resources.

5. Strategic Financial Planning: The Lion and the Rabbit

The Lion and the Rabbit story highlight strategic intelligence and efficient problem-solving. Instead of direct confrontation, the rabbit applies strategy to eliminate a recurring threat, thereby conserving resources. The rabbit strategically eliminates a recurring threat using intelligence rather than physical strength, conserving collective resources. This situation corresponds to strategic financial planning, where organizations adopt intelligent long-term strategies to minimize losses and maximize sustainability.

Financial Link:

Strategic financial planning minimizes long-term losses and ensures sustainability.

Financial Principle Identified: Strategic Cost and Resource Management.

Dharma-Artha Balance:

The Artha dimension is reflected in the rabbit's use of intelligence over physical force to resolve a dangerous situation at minimal cost — wisdom conserves resources and achieves more with less. The Dharma dimension holds that true wisdom must serve a just and righteous purpose; the rabbit acts not out of cunning self-interest alone but to free the entire community from oppression, anchoring strategy within a framework of collective moral responsibility.

7.6 Corporate Governance and Ethics: The Blue Jackal

The story of the Blue Jackal demonstrates the consequences of deception and unethical leadership. The jackal temporarily gains authority through false representation but ultimately loses trust and status. This narrative closely relates to corporate governance principles emphasizing transparency, accountability, and ethical financial reporting.

Financial Link:

Corporate failures often arise from unethical reporting and governance breakdowns (Shleifer & Vishny, 1997).

Financial Principle Identified: Ethical Financial Governance.

Dharma-Artha Balance:

The Artha dimension is evident in the inevitable collapse that follows deception — the jackal's false identity, however profitable in the short term, cannot be sustained, and its exposure results in

total ruin. The Dharma dimension is unambiguous: truthfulness is not a negotiable virtue but an absolute ethical foundation; leadership and authority built on falsehood carry no legitimate claim to the trust or loyalty of those they govern.

Findings and Results

Dharma-Artha Balance — Ancient Principles with Artha and Dharma Balance

Story	Financial Domain	Artha (Profit / Prosperity)	Dharma (Ethics / Responsibility)
The Monkey and the Crocodile	Risk Management	Wealth demands alert, calculated thinking — evaluate before committing resources or trust.	Assess consequences before acting so that decisions do not cause harm to oneself or others.
The Brahmin and the Pot of Rice	Investment Planning	Genuine prosperity requires honest planning and disciplined action, not fantasy or speculation.	Wishful thinking is an ethical failure — it replaces truthful self-assessment with illusion.
The Four Friends	Diversification	Collective effort, each contributing unique strengths, produces outcomes no individual can achieve alone.	Cooperation and subordination of self-interest for the group's wellbeing is a moral obligation.
The Greedy Jackal	Liquidity Management	Uncontrolled desire destroys resources — taking more than needed impairs what one already possesses.	Non-greed is a sacred duty; taking beyond need violates the moral order of resource stewardship.
The Lion and the Rabbit	Strategic Planning	Intelligence over force conserves resources and achieves more with less.	Wisdom must serve a just purpose — strategy must free and protect, not exploit.

Story	Financial Domain	Artha (Profit / Prosperity)	Dharma (Ethics / Responsibility)
The Blue Jackal	Corporate Governance	Deception, however profitable short-term, cannot be sustained — its exposure results in total ruin.	Truthfulness is an absolute ethical foundation; authority built on falsehood has no legitimate claim.

Table 1 presents a comparative mapping of six selected Panchatantra stories against the classical Indian principle of Dharma-Artha balance, illustrating how each narrative simultaneously embodies the pursuit of material prosperity (Artha) and the imperative of ethical responsibility (Dharma). This mapping demonstrates that ancient Indian storytelling tradition encoded a dual financial-ethical framework centuries before the emergence of modern corporate governance and ESG principles.

Comparative Mapping



The comparative mapping presented in Figure above provides a pictographically representation illustrating the relationship between selected Panchatantra stories and corresponding financial management principles. The purpose of this mapping is to visually demonstrate how ancient

narrative wisdom reflects concepts that are formally recognized in modern financial management theory.

The diagram establishes a conceptual bridge between traditional storytelling and contemporary financial practices by linking each Panchatantra story with a specific managerial and financial function.

Overall Finding

The study confirms that important financial management principles—risk management, investment planning, diversification, liquidity management, strategic planning, and ethical governance—are clearly reflected in Panchatantra stories. The ancient Indian concept of Dharma-driven Finance, which balances Artha (prosperity) with Dharma (ethical responsibility), provides a unifying framework that anticipates modern ESG and stakeholder-oriented finance approaches.

Discussion

The analysis demonstrates that Panchatantra stories operate as behavioral models explaining economic prudence through simplified narratives. Financial management fundamentally deals with uncertainty, limited resources, and ethical responsibility—elements consistently illustrated within these stories.

Narrative pedagogy enhances conceptual understanding and aligns with experiential learning approaches advocated in management education (Kolb, 1984).

The study finds that Panchatantra stories serve as effective tools for explaining financial management concepts through simple and practical situations. The comparative mapping shows that complex financial principles such as risk management, investment planning, diversification, liquidity management, strategic decision-making, and ethical governance can be easily understood when presented through storytelling.

The concept of Dharma-driven Finance, as evidenced by both the Panchatantra narratives and Kautilya's Arthashastra (Kautilya, 2012; Rangarajan, 1992), demonstrates that ancient Indian thought did not treat financial management as a value-neutral technical exercise. Rather, it embedded economic decision-making within a normative framework that held ethical accountability as non-negotiable. This perspective resonates with contemporary stakeholder theory (Freeman, 1984) and ESG frameworks (Atkins et al., 2022), suggesting meaningful intellectual continuity.

The findings further suggest that integrating storytelling methods from traditional knowledge systems into financial education can enhance student engagement, improve comprehension of financial principles, and encourage value-based decision-making. Therefore, Panchatantra narratives remain relevant as complementary pedagogical tools in modern financial management education.

Conclusion

The Panchatantra represents an early intellectual framework conveying financial wisdom through narrative interpretation. The study establishes meaningful parallels between traditional storytelling and contemporary financial management practices. Integrating such indigenous insights can strengthen ethical and strategic dimensions of financial education.

The concept of Dharma-driven Finance—rooted in the classical Indian balance between Artha (prosperity) and Dharma (ethical duty)—offers a philosophically coherent and pedagogically powerful complement to Western financial management frameworks. Far from being antiquated, this tradition anticipates core concerns of contemporary finance: transparency, accountability, risk discipline, and long-term value sustainability.

The study thus contributes to the growing recognition that indigenous knowledge systems constitute a legitimate and valuable intellectual resource for management education, ethical governance, and interdisciplinary financial research in India and beyond.

Recommendations

Based on the findings, the following recommendations are made:

For Educators

Use Panchatantra stories to teach financial management concepts in a simple and engaging way.
Include the Dharma-Artha framework when discussing ethics and governance in the classroom.

For Academic Institutions

Add a module on Indian Knowledge Systems in Finance to UG and PG curricula as per NEP 2020.
Develop regional language resources to make content accessible to more students.

For Researchers

Extend this study to other Indian classical texts such as Arthashastra and Thirukkural.
Test whether story-based teaching improves financial literacy through empirical research.

For Policymakers

Include ethical principles from Indian classical texts in corporate governance training.

Align Dharma-Artha values with existing frameworks like SEBI guidelines and the Companies Act, 2013.

For Future Research

Measure the impact of story-based learning on students' financial decision-making.

Compare Panchatantra wisdom with other classical traditions such as Aesop's Fables and Confucian business ethics.

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Received: Apr 10, 2026

Accepted: May 20, 2026

Published: Jul 01, 2026

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